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## HOURLICH'S IMMIGRATION AND LABOR

READINESS to analyze the relation of immigration to wages has not been characteristic of writers upon immigration. The subject veritably swarms with difficulties. At one extreme students have contended that immigration must have raised the level of wages because it has so greatly increased the stock out of which wages are paid. At the other extreme more students have held that the level has tended to fall because increased competition of laborers depresses wages. So insistently had the latter theory come to be cited in advocacy of the restriction of immigration that the Immigration Commission of 1907 devoted its study chiefly to economic aspects. The report of that Commission, recommending restriction, is the chosen object of attack of Dr. Hourwich's book.<sup>1</sup> *Immigration and Labor* may claim to be the first attempt, apart from the Commission's study, to analyze the wages aspect of immigration. That the book is controversial and has clearly had the political object of opposing the enactment of the literacy test is no reason why it should not be seriously considered. With its criticism of the forty-two volumes of the Report of the Commission and of the hastily compiled summary published in book form by Messrs. Jenks and Lauck we are not concerned. Misleading procedures and interpretations are too frequent in these works. Our interest is in the economic argument of Dr. Hourwich.

Part I, in 39 pages, is a summary of the argument of the book. Part II, in 322 pages, contains a topical refutation of the arguments of restrictionists, with main emphasis on the report of the Immigration Commission.

<sup>1</sup> I. A. Hourwich. *Immigration and Labor: The Economic Aspects of European Immigration to the United States*. New York, G. P. Putnam's Sons, 1912.

Part III, in 127 pages, reviews the evidence of the Commission regarding selected leading industries. Part IV, in 13 pages, considers the probable effects of a restrictive policy.

A good deal of the book concerns arguments that seem trivial. For example, elaborate treatment is accorded the question, has emigration from Southern and Eastern Europe checked emigration from Northern and Western Europe? (Part II, ch. viii.) Germany, Norway, Denmark, Sweden, the United Kingdom, examined *seriatim*, are found to be, for internal reasons, no longer ready to export their sons. "If this country is to have immigration, it will have to come from other sources" (p. 220). Restrictionists, however, who plan and expect a revival of the older immigration, are not conspicuous.

Again, a constant grievance is that the Commission's volumes omit historical research. They say much about "recent" immigrants—the only immigration really in question—but that term implies to Dr. Hourwich a comparison with the past. Such a comparison he is then led specifically to make, and, like a *Leitmotiv*, the comparison echoes through his book. At much length he explains how a century ago immigrants were indentured servants, how the early free immigrants were destitute, how they lived congested, how they were unskilled, the butt of social prejudice, the alleged enemy of organized labor. Whether the Immigration Commission should have included a study of these matters is not here to be debated; and that they were right in studying recent immigration needs no debate. Had anybody contended that the "evils" of "recent" immigration would endure for all time, or even for many decades, comparison with the past might have had relevance for the argument. But if the contention is—and surely the Commission so contended—that contemporary immigration is responsible for evils that endure long enough to be important, then the historical comparison contributes nothing. The chapters chiefly in question are III (Old and New Immigration), X (The Standard of Living), and perhaps XI (Home Ownership); all are in Part II.

From the danger of the historical argument Dr. Hourwich does not keep himself free. He errs where his opponents err — so far as there really are persons who ask for restriction on the ground that former immigrants were “*more desirable*” than present ones, and irrespectively of whether present immigrants are good or bad. No regulation of woman and child labor, to cite a parallel, no minimum wage law, no sanitary legislation, or, to go back farther, no restriction upon the importation of slave labor, could ever be justified if a reasonable answer to advocates of such measures were that existing conditions are not worse than past ones. Besides the chapters named, nearly all the other chapters make much of historical comparison, especially those on wages. What importance can it have to ask whether wages in an immigrant occupation are higher or lower now than they once were? Legislators must ask, how does unrestricted immigration affect wages? The questions are not identical.

Fortunately Dr. Hourwich faces squarely the important question. He shuns theoretic reasoning. Nay, those who reason theoretically must submit to concrete tests. “To prove that immigration has virtually lowered the rates of wages would require a comparative study of wages paid for the same class of labor in various occupations before and after the great influx of immigration. This, however, has never been attempted by the advocates of restriction” (p. 23). Something not unlike it the Immigration Commission attempted. If wages declined as immigrants entered a field and underbid the workers, that would presumably prove that immigration lowers wages. “The Commission discovered no evidence ‘that it was usual for employers to engage recent immigrants at wages lower than those prevailing at the time of their employment in the industry where they were employed’” (p. 288).

Dr. Hourwich, as a statistician, sees additional possibilities of concrete study. He says, “If the tendency of the new immigration be to lower the rate of wages or to retard the advance of wages, it should be expected that wages

would be lower in great cities where the recent immigrants are concentrated than in rural districts where the population is mostly of native birth " (p. 297). Further, " another way to trace the connection, if any, between immigration and wages, is to compare the average earnings by States with reference to the percentage of foreign-born; if immigration tends to depress wages, this tendency will manifest itself in lower average earnings for States with a large immigrant population, and *vice versa* " (p. 299). So far as great cities are concerned, " all wage statistics concur " (p. 298) that factory wages are higher in the city than in the country. Only the census statistics are cited. Annual wages are computed on a basis of 300 working days per wage-earner. From the figures presented one easily calculates that for men, women and children, rural wages are from ten to fifteen per cent below urban. Such a " pronounced tendency " is held to justify neglect of the repeated official warning " against the use of census returns for the computation of average earnings " (p. 298).

A larger issue, however, than that of the veracity of statistics is here in question. Difference of wage level as between town and country is a universal phenomenon. It is quite as conspicuous in old countries, unaffected by immigration, as in the United States. It is indeed only the local expression of a principle that, on a large scale, explains those differences of level between countries which students of international trade observe. The rural region stands toward the urban, as a country of one wage level stands toward another of higher level with which it trades. The prevalent effectiveness of labor in production coupled with the accessible physical resources of the community defines the level of income. Immigration is so far simply not in question.

Dr. Hourwich's other task was to find if " average earnings " are lower in States where immigrants go than in others. Census figures are invoked. " No such tendency is disclosed." Indeed, as to males, the evidence is only conflicting (p. 300). As to females " the preponderance of evidence,

to use a legal term, supports the conclusion that, as a rule, the annual earnings are higher in States with a high percentage of foreign-born factory workers. But . . . the least that can be said is that there is no proof of a tendency of immigration, old or new, to depress the rate of wages" (p. 302). It is essentially through the mobility of labor that wages in different regions tend to be equalized. No labor is so mobile as immigrant labor. Difference of demand for labor in different states may be posited. Not to find variations in the proportion of foreign laborers in different states, along with fairly uniform rates of wages, would be strange.

Yet the cardinal objection to Dr. Hourwich's procedure remains to be stated. We need not go so far back as to inquire whether, if he became convinced that immigration did lower wages, he would accept a restrictionist argument. That contingency he does not discuss. But suppose that his procedure had actually revealed lower wages in regions whither immigrants had gone. Or suppose, to return to his first question, that the wages of labor, after a great influx of immigrants, had fallen. Would it follow that immigration had lowered wages? Great are the changes of wages in a country where immigration is not in question, and many are the influences that undoubtedly can be construed to affect wages. Certainly these influences need not move together. Statistics never explain. They need explanation. If it were the case that immigration tended to lift wages, simultaneous forces might more powerfully tend to lower them; the fervid searcher after the influence of immigration might then wrongly declare that he had found proof that immigration depresses wages.

Dr. Hourwich is committed by his method to a conclusion that he refrains from stating. It is that immigration raises wages! If Dr. Hourwich himself believes that the discovery of lower wages in places where immigrants go would have demonstrated the asseverations of the restrictionists, surely he cannot rest content with holding that higher wages merely disprove those asseverations. The inference must be that

immigration raises wages. It is not at all clear that Dr. Hourwich recognizes that the effects of immigration may be clouded by other influences. Otherwise he would be more tolerant of those who, like the Immigration Commission, speak of depressing tendencies, or hold that, in the absence of immigration, wages would have risen farther. With his passion for concrete verification he turns quite seriously to the Civil War period to learn what might happen in the absence of immigration. Then, "without the availability of Southern and Eastern Europeans," the cost of living rose more rapidly than wages (p. 308). The principle apparently is: wages fall when immigration disappears.

The errors of Dr. Hourwich's procedure are, if possible, even more conspicuous when, in a special chapter, he considers the length of the working day. One benefit from a decline in hours, it may be noted in passing, is said to be that "all other things being equal, it provides more days of work for every employee, which brings a direct increase of earnings" (p. 311); a contribution to the theory of unemployment which he had not had occasion to amplify in the chapter devoted to unemployment and its causes. But this is incidental. What he holds to be more important is that reductions in hours are "equivalent to an increase of the hourly wage" and that when they take place in a country that receives immigrants they are an "unerring measure of the effects of immigration on labor conditions" (pp. 311, 27). Somehow these increases in wages are held not to be complicated by the variations of the purchasing power of money (p. 311). In New York State the decade of heaviest immigration from Southern and Eastern Europe was marked by a gradual reduction of hours (p. 316). In the entire United States, the hours had decreased, from 1890 to 1907, by 5.7 per cent. "This fact shows at least that the recent immigrant has not hindered the movement toward better conditions of employment" (p. 314). No one doubts that the hours of labor have declined. But if Dr. Hourwich's "incontrovertible statistical figures" really prove that heavy immigration does not tend to hurt the terms of the employ-

ment of labor, then they also prove that such immigration betters the terms of employment. Only a total absence of change in the terms might seem to prove that no relation at all exists between immigration and labor conditions.

Is the competition of laborers with each other more effective as their numbers increase, and does the increase of numbers have no influence on wages and the terms of employment? The restrictionists have affirmed a depressive influence. Their argument, at least, Dr. Hourwich does not accept. Their theory, alas, he has learned where they have learned it, and sometimes he does not conceal it. From his table of average earnings by States he had excluded those of the South "in order to eliminate the influence of negro competition upon the average earnings" (p. 300). Again, and more explicitly, the "country competition of native Americans tends to lower the wages of immigrants." The citation is made from the table of contents (p. xii; cf. also 298) because it is there immediately followed by the statement that "rates of wages[are] not affected by immigration." If the author will refuse to admit that essentially all members of the market are bidders, is he not at least constrained to admit that the recent additions to the market are the active competitors?

It is, however, when the author turns to the cotton-mills — "a good field for the study of the effects of immigration" (p. 375), since 68.7 per cent of the New England operatives are foreign — that his conception of competition is most strikingly illustrated. There elaboration is given to the theory that "it is this competition of the cheap American labor of the Southern mills that keeps down the wages of the Southern and Eastern European, Armenian, and Syrian immigrants employed in the cotton mills of the North" (p. 383). In the South, the labor is of the native white of native stock; these are 99 per cent of the operatives of North Carolina, 97 of those of Georgia and Alabama. To meet this competition, Massachusetts will have to reduce its wages, employ its children, and so on. Authority for the last statement is now seven years old; Massachusetts has con-



tinued to set up new mills and its hours of labor have continued to fall! That the immigrant North competes with the South and that unskilled laborers of one occupation compete with those of another, even if imperfectly, Dr. Hourwich fails to see.

A special chapter is devoted to child labor. "Child labor has a depressing effect upon the rate of wages." Therefore the popular mind thinks it a product of immigration. Not so, it is older (older, in fact, than the author insists). "The most significant fact to be noted . . . is the large proportion of children employed in factories in States where there is practically no immigrant population. Children of native-born American parents are drawn into the mills as a substitute for immigrant labor" (p. 319). Has immigrant labor perhaps the same "depressing effect" on wages as child labor, its substitute in some places? The author does not ask this question. He goes on to explain that the relatively small number of children in Northern cotton mills is "due" to the restrictive laws; the larger number in the South is, however, not due to the absence of such laws there, but to the absence of immigration. The same absence accounts for the work of children in the canneries and shoe factories of Missouri (p. 322). In Missouri "native American women and children . . . underbid the male immigrants employed in the shoe factories of Massachusetts" (p. 324). If immigrants were not working in New England, the South and the West would not, by this logic, have to resort to forms of cheap labor (woman and child) in order to compete successfully with New England. But this inference again is not the author's.

It has been pointed out that, altho Dr. Hourwich's method proves — if it proves anything — that immigration raises wages, he yet refrains from stating such a result. An exposition of his case cannot omit an account of his more explicit theory of labor prosperity. Upon its soundness the hue of the future somewhat depends. "The prime force," he says, "which has made industrial expansion so rapid in recent times has been the general introduction of labor-saving

machinery. The immediate effect of the introduction of every new machine has been the displacement of the trained mechanic by the unskilled laborer" (p. 309; cf. 289, 23). Again, "this tendency has been counteracted in the United States by the expansion of industry: while the ratio of skilled mechanics to the total operating force was decreasing, the increasing scale of operations prevented an actual reduction in numbers. The growing demand for unskilled labor was supplied by immigration" (p. 289). Without this supply "a reduction of the wages of the older employees" would have taken place (p. 309).

Two fundamental objections may be opposed to the theory. One turns upon the character of inventions themselves; the other upon the causes of immigration. Consider the former first. Every machine, Dr. Hourwich says, reduces the amount of skilled labor required and calls for the unskilled. Yet the chapter on the demand for labor in agriculture shows that in this industry at least a different type of invention is in question. The chapter had been introduced as a protest against those who complain that immigrants do not sufficiently enter agriculture. Why should they go, the author says, since inventions have made their kind of labor unnecessary? The enormous increase in output is secured by a few skilled machine-managers and by an actual, not merely relative, decline in unskilled laborers. Dr. Hourwich's reasoning implies that there is something in the nature of things that makes non-existent in manufacturing and elsewhere the kind of invention that in agriculture has added to our advantages in resources a primacy in technique. He does not seek to explain why the situation must be different in manufactures; and examples are easily cited to show that an explanation is impossible. The invention of the linotype called for labor difficult mentally and physically; new operators generally reach the customary output only after years of practice. So greatly did the linotype cheapen printing that increased demand for the product made it unnecessary to discharge the old hand workers. The phenomenon has many parallels. The typewriter replaces

a lower grade of skill by a higher. The roller process in flour milling has not lessened the need for skill. The successive English mule spinning inventions call for at least as much skill as before.<sup>1</sup> The warp-tying machine operated by one fairly skilled man replaces girls. The driver of teams yields before the locomotive engineer, the auto-truck chauffeur and others; unskilled labor is displaced by skilled. The new Mallet engine calls for a heightened degree of skill. "These powerful engines have a tractive force nearly double that of an ordinary locomotive. The economy in their use is mainly in the item of labor; their ability to haul greater tonnage means a smaller number of trains and consequently fewer train crews."<sup>2</sup> The old cobbler was not superior to the worker in the modern shoe industry. The pegging machine of 1851 gave a larger output for the same skill. Of late a new labor-saving device has found extended application: "scientific management." It demands special training and skill of every worker.

Far from being regarded as exceptional, facts of this kind should compel a restatement of the theory of invention. It is by various channels that greater cheapness is sought. The inventor is just as genuinely saving labor when, by a machine, he makes one unskilled man do what ten did before, as when he makes one skilled man, or one skilled plus four unskilled, do what ten skilled did before. For years inventors have sought to replace unskilled hands in cotton picking. In truck farming, inventions have been lacking; here the lightly skilled immigrant still finds agriculture open to him. The American steam plow antedated immigration; likewise the cultivator, which enabled one horse and man to do the work of thirty hand-hoers. Reapers, threshing machines, and others similarly involved no dependence on immigrant labor.

A second criticism of Dr. Hourwich's theory turns on the relation of invention to the circumstances of immigration.

<sup>1</sup> These have not been introduced in the United States; our manufacturers have instead depended on a supply of cheap immigrant labor.

<sup>2</sup> W. J. Cunningham, in this Journal, February, 1913, p. 279.

In a newly colonized country the character of the productive process perforce depends much on the industrial capacities of the colonists. The continuance of a stream of immigration invites the continued utilization of the new supply whenever possible. That the labor is unskilled is no barrier. Because it is abundant and cheap the true captain of industry will seek to utilize it as generally as possible. Consider analogies in the exploitation of material resources. Our mining engineers and metallurgists have long ceased to attend to fine ores only. By special processes involving large scale operations they supply today great quantities of gold and copper from low grade ores. Wherever large quantities of an unutilized natural resource are available, the entrepreneur is stimulated to devise a way of utilization. What a history might be written of the utilization of bye-products! The economies to be secured by invention, like those in management, are not merely economies in the quality of labor.

A thousand and one reasons have always induced immigrants to come to the country. The stream from Southern and Eastern Europe has gone on, largely for the causes that Dr. Hourwich explains as no longer operative in North and West Europe. In America, abundance and accessibility of natural resources have been the fundamental attraction; other attractions have been derivative. For American employers unskilled immigrants became one of the resources of production, to be exploited like natural resources.<sup>1</sup>

<sup>1</sup> The history of the cotton industry admirably illustrates this thesis. (The citations which follow are from Dr. M. T. Copeland's *The Cotton Manufacturing Industry in the United States*, Cambridge, Harvard University Press, 1913.) "The American cotton manufacturers early began to develop machines especially suited to the prevailing industrial conditions" (p. 8). "It was necessary to adopt machinery which did not require a great amount of skill, since, as Mr. Batchelder phrased it, 'the greater part of those at work in the mills were only a succession of learners, who left the business as soon as they began to acquire some skill and experience.' . . . The introduction of immigrant labor took place with less friction than would have been possible had there been a fixed operative class, and the technical improvements were likewise favorable to the utilization of the unskilled foreigner. . . . The exact date when the employment of immigrants in our cotton mills began is uncertain, but it was before 1836. . . . The stream of immigrants, however, which became large in volume after 1845, turned at once to the cotton mills" (Ibid., p. 13). "During the last fifty years the most available supply of labor has been that furnished by the foreign immigrants. Those machines which required little skill . . . made possible the utilization of labor of that class" (p. 54. Dr. Copeland describes fully the machines which were devised.). Again:

In sum, Dr. Hourwich's theory of the prosperity of labor is unacceptable on two grounds. First, inventions do not necessarily bring a degradation of the quality of labor; and therefore it is not true that the wages of Americans can be maintained only if industry expands through the addition of a supply of unskilled labor. Second, the immigration movement takes place because of a general difference of economic level in two countries; to the supply of unskilled labor thus made available American industries adapt themselves.

It is a common fallacy of which Dr. Hourwich is guilty when he confers a quality of absoluteness upon the condition called "a demand for labor." When a period of depression is ended, when industry revives, and the unemployed resume their places, there comes a moment when the country asks for more laborers, immigrant laborers. How many more? Profits are alluring. A great many, — at current wages. Not so many, at somewhat higher wages. Very few, if the price is to be very high. Of course resident workers must receive the same rate as newcomers. At such a moment, if no foreigners were to come, would prosperity die at birth? Dr. Hourwich would hardly insist that it depends only, perhaps even mainly, on new immigrant arrivals; countries without immigration have returns of good times. With employers competing more eagerly to get workmen, with the better employers ready to pay appreciably higher wages than before, with resident laborers not subject to fresh

"In Great Britain a class of skilled cotton mill operatives, almost a hereditary class, provides an adequate supply of skilled male spinners." English immigrants into the United States "could not supply the entire demand for spinners, or even a considerable part of it. The ring-frame, unlike the mule, required little experience or skill. Consequently the wives and children of the French Canadian, the Irishman, the Pole, and the other foreigners that we find in the mill today, could be employed as ring spinners. Here, as in many other American industries, the possibility of employing the unskilled immigrants and the adaptation of machinery to that end has been an important factor in promoting the success of manufacturing" (*Ibid.*, pp. 72, 73).

American leaders in industry have appreciated that, with the relative scarcity of skilled labor and abundance of unskilled, success in competition with foreign industry must come by dependence on unskilled labor. One chief reason why the cotton knitting machine, invented in England in 1864, which required at least as much skill as the hand-frame, was not introduced into the United States was that American manufacturers had to deal with unskilled labor. (Memorandum for the present writer by Dr. Copeland.)

competition from abroad, the time is ripe for a real increase in wages. Since chiefly unskilled laborers come by immigration, a check upon immigration would mainly prompt the increase of wages of such laborers.<sup>1</sup> Then, if our argument is acceptable that inventors do sometimes seek to replace unskilled labor by machinery, and if Dr. Hourwich's argument is not acceptable that every invention only increases the demand for unskilled laborers, it might actually happen that machines which it is not profitable now to introduce (given cheap labor) would become profitable, and new ones besides be devised (the alternative of cheap labor being abolished). Time and again restrictions placed upon that "substitute for immigration," child labor, have resulted in new machinery; so with other labor legislation.<sup>2</sup> It is no chimera that a restriction upon the immigration of unskilled laborers would have like effects. The introduction of machinery would be at a higher wage level.

Unskilled labor tends to routine, to the endless repetition of simple operations. Precisely there is a great field for invention; the plum is almost ready to fall. When a foreman directs the uniform labor of a gang of ten workmen, or when a factory worker has only one or two operations to perform, the inventor faces a clearly demarcated task. Machines, to be sure, have a price, both in their invention and their making; and the price will not be paid so long as unskilled labor is cheaper. Dr. Hourwich himself helps us to illustrate this point (tho his words have a different purpose): "Statistics show that machine mining has made great progress in States with a small percentage of Southern and Eastern European coal miners and has been lagging behind in States with a large percentage of Southern and Eastern European coal miners. . . . Pennsylvania had

<sup>1</sup> In Australia wages of unskilled workmen approach nearer those of the skilled. "The difference in the wage of skilled and unskilled workers is much greater in our own country [United States], where the common laborer is usually either a negro or a foreigner." V. D. Clark, *Labor Movement in Australasia*, p. 51. Cf. also Taussig, *Principles of Economics*, vol. ii, p. 138.

<sup>2</sup> Cf. for examples, Mrs. Webb, *The Case for the Factory Acts*, London, 1902, pp. 50 ff.

four times as many Slavs, Italians, etc., working in coal mines as Ohio, yet machine mining was less advanced in Pennsylvania than in Ohio " (p. 428).<sup>1</sup>

Dr. Hourwich's predilection for statistics prevents him from even studying such an argument as the above. In his chapter on the Probable Effects of a Restriction of Immigration, he says, " It is needless, however, to indulge in abstract speculation on the possible effects of a reduced supply of unskilled immigrant labor, when such a condition actually exists in the United States throughout the agricultural sections " (p. 491). In 1900 Southern and Eastern European male farm laborers numbered only 37,401. In the previous decade immigrant farm labor had even decreased. Native farm labor entered the cities. Wages are lower than in mines and mills. " Scarcity of labor has not forced the farmer to pay scarcity wages, but has merely retarded the growth of farming. In many places the area under cultivation has actually decreased " (p. 492). No further proof is attempted; yet, much earlier in the book, the astounding development of farm efficiency had been described.

Dr. Hourwich himself speculates about the effects of restriction of immigration. Farmers might work in the mines in winter, but that would weaken the unions and keep down wages (p. 493). The New England cotton industry would go South; the shoe industry West, to rural Missouri, with its female and child labor. Rather than pay higher wages to men, American capitalists would open mines and railways in Mexico, Mesopotamia, Manchuria, and Siberia. There are already abandoned silver mines in the United States. Our export trade would have to decline (pp. 492-495). All this assumes, among other things, that the supply of American capital is great, that American natural resources are poor or are inaccessible, and that labor for which an employer will pay only \$1.25 a day is more precious to him than labor

<sup>1</sup> " If the introduction of machinery were stimulated by immigration, it might be expected that the percentage of machine-mined coal in Pennsylvania would be twice as high as in West Virginia " (p. 430). Apparently foreign miners, if called upon to mine only a part of the country's coal, cost less than the machine that has been devised.

for which he pays \$3. Indeed, skilled labor would be unemployed (p. 489). In the last paragraph of the book occurs a very concrete argument, cited here because of the faith it implies in the kind of induction typical of the book. From December, 1907, to August, 1908, emigration exceeded immigration by 124,124. This was "tantamount to a prohibition of immigration, yet Professor Fairchild finds that it had 'a very trifling palliative effect.' This admission . . . permits of but one logical conclusion, viz., that even complete prohibition of immigration would have but an 'infinitesimal' effect upon unemployment and other problems of vital interest to 'the total mass of the American working people.' Mere restrictive legislation could *a fortiori* produce no remedial effect" (pp. 498-499). But then also the dire consequences predicted from a cessation of immigration might not appear.

It is Dr. Hourwich's method of study that interests us. He proceeds inductively; and our generation freely extols the virtues of inductive thinking. We recall the absurdities to which deductive abstractions have led men, especially in the social sciences; we see also the triumphs of the patient study of "facts," especially in the physical sciences. But the two realms are unequally responsive. In the physical sciences induction may advantageously take the form of isolation and experiment. In the social sciences experiment is rarely feasible; induction proceeds often by statistical enumeration, which is only descriptive, not interpretative, therefore a mere beginning. Even in the physical sciences experiment is preceded by hypothesis and followed by interpretation. "Facts" are everywhere colorless.

Tho this review has found the present venture in induction naïve and pointless, not all future ventures need be so. For a long time certainly we must go heavily armed with hypotheses. We seek the factors that determine the net result that statistics reveal. Wherever wages change we must note what else characteristically changes. Or — beginning at the other end — we must observe what new resultant follows the new force, when "other things" so far as we can



see, are "equal." Out of many instances may come reasonable confirmation or refutation of our hypotheses. And the hypotheses themselves? They rest partly on our knowledge of physical properties; and partly on self-examination for an appreciation of impulse, since the qualities of man are not second in importance to the materials with which he works in production; and ultimately our hypotheses depend upon epistemology and logic. For today, guarded deductive reasoning about wages is indispensable, and often by appropriate tests is found valid.

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